

The Canada Pension Plan

It's More Than Just a Pension

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Introduction

The Government of Canada's Income Security Programs, funded with your tax dollars or through direct premiums, offer Canadians a wide range of financial benefits. All of these programs are administered by Health and Welfare Canada. They are designed to assist parents, senior citizens, disabled persons and their children, and the surviving dependents of Canada Pension Plan contributors.

Since 1966, the Canada Pension Plan has provided Canadian workers and their families with a basic level of income protection in the event of retirement, disability or death. Every paid worker between the ages of 18 and 70 has access to the Plan no matter where he/she chooses to live or work in Canada (except in Québec where a comparable Plan exists).

Read this booklet carefully. It contains the facts about Canada Pension Plan contributions and the many types of benefits available. If you require further information, the staff at your nearest Income Security Programs office will be pleased to help you. The address and telephone number are listed in your telephone directory under Income Security Programs or Canada Pension Plan.

How Does the Canada Pension Plan Work?

Basically, the Canada Pension Plan works by a system of contributions and benefits. Each time you are paid by your employer, 1.8% of your salary is deducted and entered into the Canada Pension Plan. The amount deducted is usually entered on your pay stub. It is determined by Revenue Canada and your employer is required by law to withhold it from your earnings. Your employer also has to contribute the same amount as you do, on your behalf. If you are self-employed, you are expected to contribute both the employer and employee shares which amount to 3.6%.

The information regarding your earnings and contributions is submitted to Revenue Canada who then forward it to Health and Welfare Canada, so that your benefits may be calculated. A record of earnings is filed there on your behalf under your surname and social insurance number.

This record of earnings is very important because it determines your eligibility for certain Canada Pension Plan benefits and the amount you will receive.

Is Your Record of Earnings Up to Date?

Everyone who contributes or has contributed to the Canada Pension Plan may ask to see his/her record of earnings once a year so that it may be checked for accuracy. You do this by filing an application for a Statement of Earnings with your nearest Income Security Programs office. The staff will be pleased to discuss any questions or comments you may have about the details on your record.

What Benefits Are Available?

The Canada Pension Plan provides three main benefit categories: Retirement Benefits, Disability Benefits and Survivors' Benefits.

Retirement Pension

When you contribute, you become eligible to receive a Canada Pension Plan Retirement Pension at age 65. Application may be made 6 months prior to your 65th birthday through your nearest Income Security Programs office. The amount of pension you receive depends on how much you earned but you do not have to stop working to receive the Retirement Pension. Payments begin as early as a month after your 65th birthday and continue until your death. If you are late in applying, you can only claim up to one year of retroactive payments, and then only if you did not contribute during that period.

Disability Benefits

Your contributions to the Canada Pension Plan may also entitle you to a Disability Pension. If you should become disabled and cannot work you or a person acting on your behalf, should file an application with your nearest Income Security Programs office. If eligibility requirements are met, you will receive a monthly payment which should continue until you are no longer considered disabled or until your death. When you reach age 65, your Disability Pension automatically changes to a Canada Pension Plan Retirement Pension.

Your children may be eligible for monthly benefits if you become disabled. Application can be made at the same time as you request your Disability Pension. Payments to your

children will cease when they turn 18. If they are attending school on a full-time basis, they may be eligible until they are 25.

Survivors' Benefits

When a Canada Pension Plan contributor dies, the surviving family may receive a Death Benefit and Survivors' Benefits. The Death Benefit is a lump-sum payment made to the estate. As soon as possible after the death, the person responsible for administering the estate should make application to a Health and Welfare Canada Income Security Programs office. Surviving families should also act quickly to apply for the monthly Survivors' Benefits which may be available to the spouse or common-law partner and to the dependent children of the deceased. Survivors' Benefits are paid monthly. All information about eligibility requirements is available in a booklet entitled *Death and Survivors' Benefits for Your Family*. A copy can be obtained from your nearest Income Security Programs office.

Survivors' Benefits cease if the spouse remarries or dies. Benefits for dependent children cease at 18 unless the child is a full-time student, in which case payments continue until the 25th birthday.

Do You Have All the Facts? Consult This Checklist

- You must apply for all CPP benefits. No payments are made automatically.
- If you are unable to apply because of illness or infirmity, the application may be made on your behalf.
- If a person who was eligible for a CPP benefit dies without applying for that benefit, the estate or family may apply for retroactive

benefits up to one year after the death. This only applies to situations in which the death occurred after January 1, 1978.

- All applications must be supported by documentation such as proof of age, marital status, etc. Ask the staff at your nearest Income Security Programs office to give you a list of what is required.
- Do not delay submitting your application even if some of the required documentation is not readily available.
- You have the right to appeal a decision made concerning your application for any benefit under the Canada Pension Plan.
- Benefits are adjusted once a year to compensate for increases in the cost of living.
- Benefits are subject to Income Tax. You can ask to have tax deducted at source from your monthly payments.
- People who work in Quebec contribute to the Quebec Pension Plan. When the time comes to apply for benefits, the contributions to the Canada Pension Plan and Quebec Pension Plan are automatically taken into account to calculate your benefit.
- Canada has signed reciprocal agreements on Social Security with a number of countries. You may be able to include the time you lived in these countries to meet the qualifying period for a Canada Pension Plan benefit.

Do You Need More Information?

Phone the Income Security Programs office nearest you. The telephone number is listed under Income Security Programs or Canada Pension Plan in your telephone directory.

We will be pleased to send you any of the publications listed below. Check the ones you want and mail the form to any Income Security Programs office or call in and ask for them.

Are You Eligible? describes the range of financial benefits available to parents, senior citizens, the disabled and their children, and to the surviving dependents of Canada Pension Plan contributors.

Benefit Rate Guide provides the most recent payment rates to which you and your family may be entitled. This booklet is revised every three months.

Are You Approaching 65? describes the programs available to provide pension income and other benefits for persons who are 65 and over.

More Retirement Income. Do You Qualify? describes the benefits available to supplement the retirement incomes of those with little or no money.

Your Family Allowances describes the programs designed to help families with the cost of raising their children.

Disability Benefits for You and Your Children describes the benefits and assistance available to you and your children if you are or should become disabled.

Death and Survivors' Benefits for Your Family describes the benefits to which the family of a deceased Canada Pension Plan contributor may be entitled, to help cover funeral expenses and to provide some financial security.

Sharing the Pension Credits (If Your Marriage Ends) describes the procedure by which you and your ex-spouse may divide the pension credits built up during the time you were married.



To: Income Security Programs

Please send me the marked booklets.

- ☐ Are You Eligible?
- ☐ Benefit Rate Guide
- ☐ Are You Approaching 65?
- ☐ More Retirement Income. Do You Qualify?
- ☐ Your Family Allowances
- ☐ Disability Benefits for You and Your Children
- ☐ Death And Survivors' Benefits For Your Family
- ☐ Sharing the Pension Credits

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